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First District

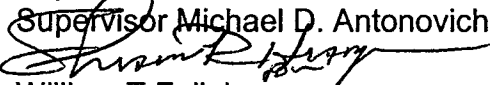
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Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

January 16, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Hearing on Health Care Reform Legislation Postponed

The Senate Health Committee hearing on **ABX1 1 (Núñez)**, scheduled for January 16, 2008, has been rescheduled to January 23, 2008. Senate pro Tem Perata had requested a fiscal analysis of the legislation in the context of the Proposed State Budget by the Legislative Analyst's Office (LAO). We understand that the LAO's report will not be available until the week of January 21-25, 2008. A tentative outline for the hearing is provided as Attachment I.

Consistent with the pursuit of position discussed in our Sacramento Update of January 9, 2008 on Health Care Reform, our Sacramento advocates will continue to pursue a **support and amend position** to exempt the County from the IHSS health trust fund provisions of the bill.

On January 11, 2008, the California Association of Public Hospitals and Health Systems (CAPH) sent a letter of support to Senator Sheila Kuehl, Chair of the Senate Health Committee. The letter outlines the benefits of ABX1 1 on public hospitals including Medi-Cal rate increases and the expansion of coverage to childless adults. The letter is provided as Attachment II.

State Budget

The Assembly Budget Committee will hold a budget overview hearing pursuant to the Third Extraordinary Session (Governor's Declaration of a Fiscal Emergency) on Thursday January 17, 2008 at 1:30 p.m. Earlier in the day, the Senate Budget and Fiscal Review Committee will conduct a budget overview which is scheduled to begin at 10:00 a.m. or upon adjournment of the Floor Session.

Pursuit of County Position on Legislation

SB 1X 5 (Cox), as introduced on October 11, 2007, would amend the voter-approved Proposition 10 ballot initiative of 1998 which established the California Children and Families Program known as First 5 California. The program increased taxes on tobacco products to fund programs to improve the health and well-being of children from birth to five years of age. Proposition 10 established First 5 Commissions in counties which receive 80 percent of the tobacco revenues. The commissions are required to provide services in three areas: 1) child health; 2) child development; and 3) support for family functioning. Local initiatives may include establishing pre-school programs and funding health care services.

SB 1X 5 would de-fund county First 5 Commissions, including First 5 LA, and seek voter approval to redirect Proposition 10 revenues to the State General Fund to fund health care services and health initiatives. SB1X 5 would eliminate the array of services currently provided by First 5 LA that have been specifically developed to meet the needs of the County's families and youngest children. These services include: prenatal care, health and nutrition programs, school readiness, developmental screenings and assessments, parental education and support, and workforce development. The Department of Children and Family Services (DCFS) indicates that although SB 1X 5 would not affect the Department directly, the families served by DCFS and other County departments would be negatively impacted by these changes.

SB 1X 5 is a reintroduction of County-opposed SB 893 (Cox) of 2007. On April 10, 2007, your Board directed this office to send a five-signature letter to the Governor, Assembly Speaker, Senate President pro Tempore, Senator Sheila Kuehl, Chair of the Senate Health Committee and the Los Angeles County Legislative Delegation expressing the Board's opposition to SB 893. SB 893 failed passage in the Senate Health Committee on April 25, 2007 by a vote of 4 to 6. Therefore, consistent with Board-approved policy to oppose legislation which would shift Proposition 10 revenue from county First 5 Commissions, including First 5 LA, undermine local decision-making, and divert Proposition 10 revenues from families and young children, **our Sacramento advocates will oppose SB 1X 5.**

Currently, there is no registered support or opposition on file for SB 1X 5. However, SB 893 was opposed by the California State Association of Counties, the First 5 Association of California, First 5 LA, and numerous county boards' of supervisors and other First 5 commissions. The bill is scheduled for hearing in the Senate Health Committee on January 16, 2008.

Status of County-Advocacy Legislation

County-supported AB 190 (Bass), was amended on January 14, 2008, to delete the provisions which would have established a new child welfare budget methodology to implement the caseload relief recommendations of the SB 2030 Child Welfare Workload Study. As amended, the bill would allow veterans displaying special license plates to park free-of-charge in metered parking spaces. Because the provisions regarding child welfare caseloads were removed from the bill, **our Sacramento advocates will now take no position on AB 190.**

County-opposed AB 1207 (Smyth), which would have: 1) required the California Integrated Waste Management Board (CIWMB) to develop regulations for the land application of biosolids by July 1, 2009; 2) required the standards to be uniform statewide; 3) prohibited a local governmental entity from enacting any ordinance or regulation that is contrary or inconsistent with CIWMB's regulations on the land application of biosolids; and 4) voided any existing or future local ordinance or regulation that contradicts the CIWMB's regulations regarding the composting and disposal of biosolids, passed the Assembly Environmental Safety and Toxic Materials Committee on January 8, 2008, as amended, by a vote of 7 to 0.

The amendments delete most of the bill's provisions and now require the CIWMB, in consultation with the State Water Resources Control Board, to develop regulations for the land application of biosolids by July 1, 2010. The Department of Public Works (DPW) has reviewed the amendments and indicates that the bill is no longer expected to impact the County, as the new regulations would likely be based on current standards. DPW also indicates that the County would participate as a stakeholder when the CIWMB develops the regulations for the land application of biosolids.

In addition, our Sacramento advocates have recently learned that the City of Los Angeles, the sponsor of AB 1207, has recently dropped pursuit of the bill because the Assembly Natural Resources Committee asked for amendments that the City could not

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accept. Therefore, AB 1207 is not scheduled for any further action. Our Sacramento advocates will continue to track this issue and **take an oppose position** in the event the original version of AB 1207 appears in another bill.

We will continue to keep you advised.

WTF:GK
MAL:MS:hg

Attachments

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants

Outline for Hearing on ABX1 1 (Núñez)

- I. Author's presentation, including presentation by Secretary Belshe or administration representative
- II. LAO presentation of fiscal analysis
- III. Testimony, by topic (order for each topic will be support, support if amended or with amendments, concerns, oppose unless amended, oppose)
 - A. Mandate to maintain minimum creditable coverage
 - B. Purchasing pool, coverage expansions, and proposed tax credits
 - C. Requirements for health coverage outside of purchasing pool
 - D. Health insurance market and regulatory reforms
 - E. Financing (including provisions of proposed initiative)
 - Employer assessments
 - Redirection of county funds
 - Tobacco tax
 - Hospital assessments
 - Federal funds
 - Individual contributions
 - Contingencies in event of funding shortfall
 - F. Testimony on Massachusetts health plan
 - G. Scope of practice changes
 - H. Data collection and transparency and pay for performance provisions
 - I. Other provisions
 - Hospital and physician rates
 - IHSS worker provisions
 - Electronic prescribing and medical records
 - Healthy actions and incentive rewards
 - Public insurer provisions
 - Diabetes, obesity and smoking provisions
 - Prohibition on hospital balance billing
 - Other
- IV. Author's close



CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

January 11, 2008

The Honorable Sheila Kuehl
Chair, Senate Health Committee
State Capitol, Room 2191
Sacramento, CA 95814

RE: AB X1 1 -- Support

Dear Chairwoman Kuehl,

On behalf of the California Association of Public Hospitals and Health Systems (CAPH), I am writing to communicate our support position on AB X1 1 (Nunez, Perata).

CAPH represents the 20 public hospitals throughout the state that are a cornerstone of California's health care system. More than eight in 10 Californians live in a county with a public hospital. Public hospitals provide nearly half of the hospital care to the uninsured, operate 60 percent of the state's top level trauma centers and almost half of all burn units, and train close to half of all new physicians. Public hospitals are also major providers of outpatient primary and specialty care; they operate clinics that provide 11 million outpatient visits per year and help patients to better manage chronic disease and provide access to care in the patient's primary language.

CAPH has a long-standing commitment to universal coverage and to ensuring health care access for all Californians. Public hospitals have a fundamental role in our state's health care system, and they must be an essential component of a reformed system if we are to meet the goal of expanding access to health care for millions of Californians. To that end, CAPH worked throughout the past year with the Legislature, Administration and other stakeholders to ensure that public hospitals will be able to maintain vital services and provide coordinated systems of care to meet the needs of their patients and communities. Public hospitals must remain financially stable and sustainable to achieve this goal. Our work to assure this objective has been concentrated on the following three policy and funding issues:

Medi-Cal Rates to Public Hospitals: Public hospitals will receive a significant Medi-Cal rate increase under AB X1 1, as well as pay the new hospital fee. Public hospitals have received 50 cents for every dollar of services provided to Medi-Cal beneficiaries. Addressing this historical under-funding of Medi-Cal is essential if public hospitals are to maintain and improve access to

care under health care reform. CAPH worked with the Legislature and Administration to achieve a compromise Medi-Cal rate increase for public hospitals and that compromise is reflected in AB X1 1. These elements include using 2009-10 as a base year for setting the new rates, utilizing the medical CPI-U as inflator, and the rebasing of rates every three years using two-year-old data. This funding represents new resources that will better enable public hospitals to provide essential services to Medi-Cal beneficiaries.

Local Coverage Option: CAPH supports the expansion of coverage to childless adults under health care reform. The Local Coverage Option (LCO), which draws upon the extensive experience and expertise of public hospitals and community clinics in serving low-income childless adults, is a transition plan to achieve the twin goals of improving access to care for safety net patient populations and ensuring that public hospital systems are able to continue to serve all Californians under reform. CAPH believes that the inclusion of the LCO – in its current form – is a critical component of AB X 1 1. Among the many essential components are the provider network composition and the transition period for the LCO.

County Share of Cost: CAPH has been working in partnership with CSAC on the county share of cost issue. The details of how the county share of cost would be implemented is addressed in the bill's accompanying ballot initiative, and CAPH is prepared to accept a workable share of cost as spelled out in the ballot language as part of a comprehensive reform package.

CAPH applauds the Legislature and Governor for their leadership in addressing the critical issue of health care reform in California. We also appreciate the extensive effort undertaken to ensure that public hospitals will be able to continue their critical role of serving their patients and entire communities under health care reform. Thank you for your consideration.

Sincerely,



Melissa Stafford Jones
President & CEO

cc: Senate President Pro Tem Don Perata
Assembly Speaker Fabian Nunez
Members, Senate Health Committee
David Panush, Consultant to the Senate President Pro Tem
Peter Hansel, Staff Director, Senate Health Committee
Roger Dunstan, Consultant, Senate Health Committee
Diane Van Maren, Consultant, Senate Budget and Fiscal Review Committee
John Miller, Consultant, Senate Appropriations Committee
Tim Conaghan, Senate Republican Policy Consultant
Joe Parra, Senate Republican Policy Consultant
Anissa Nachman, Senate Republican Fiscal Consultant
Deborah Kelch, Principal Consultant, Assembly Health Committee

John Gilman, Consultant, Assembly Health Committee
Sumi Sousa, Special Assistant to the Speaker
Scott Bain, Consultant, Assembly Appropriations Committee
Mary Ader, Principal Consultant, Assembly Appropriations Committee
Dan Rabovsky, Consultant, Assembly Budget Committee
Almis Udrys, Assembly Republican Policy Consultant
Lisa Mangat, Assembly Republican Fiscal Consultant
Ana Matasantos, Deputy Legislative Secretary, Office of the Governor
Herb Schultz, Senior Advisor for Health Policy, Office for the Governor
Jennifer Kent, Associate Secretary, Office of Legislative Affairs, Health and
Human Services Agency
Stan Rosenstein, Chief Deputy Director of Health Care Programs, Department of Health
Care Services
CAPH Board